

HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

ADMINISTRATIVE APPLICATION – CERTIFICATE OF NEED PROGRAM

Application Number 03-39A

Applicant: St. Francis Medical Center
2230 Liliha Street, Honolulu, HI
Phone: 808-547-6400

Project Title: Relocation of its current Wailuku Dialysis facility and the
expansion of dialysis stations from 20 to 48 stations

Project Address: 55 Maui Lani Parkway, Wailuku, Maui

1. TYPE OF ORGANIZATION: (Please check all applicable)

Public	_____
Private	_____
Non-profit	_____ X _____
For-profit	_____
Individual	_____
Corporation	_____ X _____
Partnership	_____
Limited Liability Corporation (LLC)	_____
Limited Liability Partnership (LLP)	_____
Other: _____	_____

2. PROJECT LOCATION INFORMATION**A. Project will be located in:**

State Senate District Number:	<u>4</u>
State House District Number:	<u>8, 9</u>
County Council District Number:	<u>Wailuku</u>
Neighborhood Board District Number (O'ahu only):	_____

B. Primary Service Area(s) of Project: (please check all applicable)

Statewide:	_____
O'ahu-wide:	_____
Honolulu:	_____
Windward O'ahu:	_____
West O'ahu:	_____
Maui County:	_____ X _____
Kaua'i County:	_____
Hawai'i County:	_____

3. DOCUMENTATION (Please attach the following to your application form):

- A. Site Control documentation (e.g. lease/purchase agreement, DROA agreement, letter of intent): **See Exhibit A**
- B. A listing of all other permits or approvals from other government bodies (federal, state, county) that will be required before this proposal can be implemented (such as building permit, land use permit, etc.): **For construction—water, sewer & building permits; for program—Dept of Health Site Certification of Dialysis Facility.**
- C. Governing body: list by names, titles and address/phone numbers: **See Exhibit B**
- D. If you have filed a Certificate of Need Application this current calendar year, you may skip the four items listed below. All others, please provide the following:
 - o Articles of Incorporation: **See Exhibit C**
 - o By-Laws: **See Exhibit D**
 - o Partnership Agreements: **Not Applicable**
 - o Tax Key Number (project's location): **TMK (2) 3-8-007:142**

4. **TYPE OF PROJECT.** This section helps our reviewers understand what type of project you are proposing. Please place an "x" in the appropriate box.

	Used Medical Equipment (over \$400,000)	New/Upgraded Medical Equip. (over \$1 million)	Other Capital Project (over \$4 million)	Change in Service	Change in Beds
Inpatient Facility					
Outpatient Facility				X	
Private Practice					

5. **BED CHANGES.** Please complete this chart only if your project deals with a change in your bed count and/or licensed types. Again, this chart is intended to help our reviewers understand at a glance what your project would like to accomplish. Under the heading "Type of Bed," please use only the categories listed in the certificate of need rules.
No beds are involved in this proposal.

Type of Bed	Current Bed Total	Proposed Beds for your Project	Total Combined Beds if your Project is Approved
TOTAL			

6. PROJECT COSTS AND SOURCES OF FUNDS

A. List All Project Costs:

	AMOUNT
1. Land Acquisition	0
2. Construction Contract	\$2,110,000
3. Fixed Equipment	\$240,000
4. Movable Equipment	\$250,000
5. Financing Costs	0
6. Fair Market Value of assets acquired by lease, rent, donation, etc.	\$1,194,900
7. Other: <u>Furniture, décor, workstations</u>	\$200,000

TOTAL PROJECT COST:

\$3,994,900

B. Source of Funds

1. Cash	\$50,000
2. State Appropriations	\$1,500,000
3. Other Grants	\$150,000
4. Other Sources	\$900,000
5. Debt	0
6. Other: <u>contingency - \$200,000; leased building - \$1,194,900</u>	\$1,394,900

TOTAL SOURCE OF FUNDS:

\$3,994,900

7. **CHANGE OF SERVICE:** If you are proposing a change in service, then please briefly list what services will be added/modified. Be sure to include the establishment of a new service or the addition of a new location of an existing service. Please reference the Certificate of Need Rules Section 11-186-5 for the categories of services. If you are unable to determine which category best describes your project, please consult with agency staff.

Our present Wailuku Dialysis Facility is land-locked and therefore we are unable to add dialysis stations. This project provides for the relocation of our existing 20 stations plus additional 28 stations. Construction will be completed for 48 stations to realize cost efficiencies not possible if done incrementally. Service will be expanded in two phases to accommodate personnel orientation and training considerations. Phase I will occur with the opening of the relocated facility, where we will add a crucially needed 12 additional dialysis treatment stations for a total of 32 stations. Phase II will add an additional 16 stations for a resulting total of 48 stations.

(Note: While not a certificate of need covered service, a dialysis education and training academy for patients, family and nurses will occupy the "old" facility).

8. **IMPLEMENTATION SCHEDULE:** Please present a projected time schedule for the completion of this project from start to finish. Include all of the following items that are applicable to your project:

Phase I, for 32 stations

- a) Date of site control for the proposed project, **December 31, 2003**
- b) Dates by which other government approvals/permits will be applied for and received,
County Building permit: **July 31, 2004**
Medicaid license: **August 31, 2005** Medicare accreditation: **August 31, 2005**
- c) Dates by which financing is assured for the project. Date construction will commence, **August 31, 2004**
- d) Length of construction period, **10 months (approximate)**
- e) Date of completion of the project, **May 31, 2005**
- f) Date of commencement of operation (Phase I) **August 31, 2005**

Phase II, for 16 additional stations

- a) Date of site control for the proposed project. **Not Applicable.**
- b) Dates by which other government approvals/permits will be applied for and received,
County Building permit: **Not Applicable.**
Medicaid license: **2011** Medicare accreditation: **2011.**
- c) Dates by which financing is assured for the project. Date construction will commence, **Not Applicable.**
- d) Length of construction period, **Not Applicable.**
- e) Date of completion of the project, **2011.**
- f) Date of commencement of operation (Phase II) **2011.**

9. **EXECUTIVE SUMMARY:** Please present a brief summary of your project. In addition, provide a description of how your project meets each of the certificate of need criteria listed below. If a new location is proposed, please attach an easy to read map that shows your project site.

- a) Relationship to the Hawai'i Health Performance Plan (H2P2), also known as the State of Hawai'i Health Services and Facilities Plan.
- b) Need and Accessibility
- c) Quality of Service/Care
- d) Cost and Finances (include revenue/cost projections for the first and third year of operation)
- e) Relationship to the Existing Health Care System
- f) Availability of Resources.

This application is for a certificate of need to relocate St. Francis Medical Center's Wailuku Dialysis Facility. We are seeking to relocate our facility because the current location is land locked and we are unable to expand to meet our patients' growing needs.

St. Francis currently operates a 20-station facility in Wailuku with limited space for additional dialysis stations, administrative offices, general support space, and parking stalls. With the relocation, we will be able to add 12 more stations, in Phase I, for a total of 32 stations and have adequate space for administrative offices, general support space, a conference room and approximately 55 parking stalls for patients, visitors and staff. This relocation would also allow for a Phase II addition of 16 dialysis stations. Once the relocation is completed, then the current facility will be used as a dialysis education and training academy for patients, their families, and staff.

In keeping with our collaborative philosophy of care giving, St. Francis has worked with and has the support of the Hawaii Health Systems Corporation (HHSC) for the relocation and expansion of our Wailuku Dialysis Facility. Tom Driskill, CEO of HHSC, stated that:

HHSC is "making every effort to help and facilitate St. Francis Healthcare System to enhance their outpatient dialysis capability in order to meet the needs of both Maui and all of our other neighbor island communities." ... "HHSC is in favor of continuing the close working relationship with St. Francis on the delivery of dialysis services and HHSC will continue to work with St. Francis to upgrade services and increase access to care, particularly on the neighbor islands ... HHSC is not in a financial position to now provide subsidies to St. Francis. But, we will work with the St. Francis Healthcare System to facilitate their efforts. And, we will continue to encourage St. Francis to improve and to expand their important dialysis work."

Dialysis is a fundamental and necessary treatment for persons with end stage renal disease. The dialysis treatment is necessary because their kidneys are no longer able to clean waste products, normally removed by healthy kidneys, from their body. For these patients, dialysis is not an option, but a fact of their everyday life. To live, patients must be dialyzed. Most receive dialysis three times per week with each dialysis session lasting from 4 to 5 hours for each visit. All patients also live on modified diets to help alleviate the build up of waste products in their body. During dialysis, the patient is connected to an artificial kidney (dialyzer) and the dialyzer and artificial kidney machine clean the blood. At an outpatient dialysis facility, patients sit in modified chairs during treatment. Nurses and trained technicians constantly monitor them and the dialysis machines.

The Sisters of the Third Franciscan Order of Syracuse, New York sponsor the St. Francis Healthcare System and its medical centers. The Sisters tradition and service of care to Hawaii's people began in 1883, when Mother Marianne Cope traveled to Hawaii in response to King Kalakaua's plea for aid during the outbreak of Hansen's disease in Hawaii. Mother Marianne and six Sisters first cared for patients on Oahu and later for patients in Kalaupapa, Molokai with Father Damien. Mother Marianne followed a philosophy of selfless, compassionate care. It is why the Sisters were the caregivers who stepped forward to care for the Hansen's disease patients at the very real risk of developing the disease themselves. Throughout Hawaii's healthcare history, the Sisters have followed this philosophy. This philosophy was the basis of their beginning dialysis services for Hawaii's people decades ago. They also operate two acute care hospitals, manage home health care and hospice services, are the organ transplant program for Hawaii, and provide for cardiovascular,

oncology and community education programs. All of these services provide for the complete spectrum of care that a renal patient may need.

In 1965, St. Francis pioneered dialysis services for the people of Hawaii. Prior to hemodialysis, patients died from kidney failure. In 1990, St. Francis served 398 patients statewide. Today, there are approximately 1,000 patients that receive dialysis and support services from the St. Francis Medical Center's Renal Institute of the Pacific. The Renal Institute of the Pacific, committed to the healthcare needs of the people of Hawaii with renal disease, mission is to provide:

- Multi-disciplinary services to acute and chronic renal disease patients, including those with pre-renal failure.
- Education to staff, patients/family and the community.
- Support to health education and prevention efforts.
- Support opportunities to patients and families to actively participate in making choices that impact their optimal well being.

These services are performed with a commitment to balance quality, efficiency and cost effectiveness in an atmosphere of compassion, professionalism, empathy and respect. St. Francis is the only hospital-based renal dialysis program in Hawaii that offers a continuum of care that includes the full spectrum of services for the ESRD (End Stage Renal Disease) patient.

St. Francis is an active collaborator with many community and government organizations. In partnership with the State of Hawaii, charitable foundations and treatment centers on Oahu (Honolulu, Leeward and Waianae), island of Hawaii (Hilo and Kona), Kauai (Lihue and Waimea), Maui (Wailuku and Kahana) and Molokai (Kaunakakai). These facilities provide lifesaving dialysis services for patients that require dialysis 4-5 hours per treatment/day, three times per week.

On Maui, St. Francis has been serving the people and visitors requiring dialysis since 1975. It has grown from a small three-station unit on the grounds of Maui Memorial Medical Center to its present 20-station facility today. In 1995, a seven-station facility was opened in Kahana to serve patients and visitors in the West Maui district. Today, approximately 148 Maui residents are cared for three times per week by the two-dialysis facilities on Maui. The Maui Dialysis Facility in Wailuku supported Maui Memorial Medical Center with 913 acute dialysis treatments in 2002, enabling residents to remain on Maui while hospitalized. Additionally, over 465 dialysis treatments were performed in 2003 to support visitors with ESRD to Maui last year by the two Maui facilities.

In August 2001, St. Francis received approval from SHPDA for the expansion of its Wailuku facility from 14 to 20 dialysis stations to meet the ever-growing demands for renal dialysis treatments. The renovation was completed in December 2001, increasing Maui's capacity to accommodate additional ESRD patients.

a) Relationship to the Hawaii Health Performance Plan

Maui Dialysis Facility's (Wailuku) relocation and expansion project meets the goals and objectives of the Hawaii Health Performance Plan's (H2P2).

H2P2 Goal:	How does our proposal meet this goal:
Increase the span of healthy life for Hawaii's residents	Our proposal helps to do that for persons in need of dialysis.
The community will promote healthy lifestyle among adults to eliminate preventable illness, disability, and premature death.	Our proposed relocated and expanded dialysis facility will serve this goal by helping those with end stage renal disease to manage their disability and live to their natural life span.
Older adults will maintain good health and independent personal functioning	Our proposal helps older adults with end stage renal disease maintain their health status and independent personal functioning to the most appropriate degree possible for those on dialysis.
Reduce health disparities among Hawaii residents	Our proposal will serve Hawaii residents regardless of age, income level, racial and ethnic background, gender, or disability.
Achieve equitable and effective access at reasonable cost for all Hawaii's residents to health services that are responsive to the holistic needs of (the) community's members.	Our proposal maintains equitable and effective access at reasonable cost for Maui residents in need of dialysis care. This care is done in a multidisciplinary environment, which seeks to care for them in a holistic manner.
Reducing the effects of chronic disease and prolonging health related quality of life.	Our proposal seeks to help those with end stage renal disease and thereby enhancing their quality of life.

Our proposal addresses a number of H2P2 Statewide Priorities, including the following:

H2P2 Priority:	How does our proposal meet this priority:
"b. Foster the development of care delivery systems for the elderly and chronically ill populations to provide effective management of their health and quality of life and in turn significantly reduce the heavy financial and social burden to their families and to the community. The elements of these care delivery systems include such services as prevention, screening and education, home support, respite, assisted living and long term care."	Our proposal strengthens the care delivery system for the elderly and chronically ill populations on Maui in need of renal dialysis services. By strengthening this service on Maui via increasing the number of dialysis stations available on island, we will increase access to such care. An increase in access to this care will have impacts on patients' quality of life as more treatment slots will be available to them. As more treatment slots become available, we will be able to provide more timely access to care for patients and be better able to accommodate other family time constraints. Further, while not covered by certificate of need requirements, we seek to strengthen our ability to provide education to our patients and their families with the creation of a dialysis training and education academy for patients, their families and nurses at our "old" facility.
"d. Establish clinical benchmarks for minimal standards for the delivery of care for the prevention, detection, management and follow-up of each of the disease-specific health condition areas."	Our clinical protocols are a part of our Renal Institute of the Pacific. As such, clinical benchmarks are already in place at our other facilities statewide. This proposed relocated facility would continue its participation in these clinical protocols.
"j. Encourage individual responsibility for their own health care to control costs."	At our dialysis facilities, including this proposed relocated facility patients are cared for by a team which includes social workers and nutritionists who assist them with diet management and related needs. For dialysis patients, diet control has a direct impact on their care needs and time required for dialysis.

Regional H2P2 Priorities: In reference to the section of H2P2 section G. Maui County Tri-Isle (Maui, Molokai, Lanai) Subarea Values and Priorities, no reference is made to dialysis services specific to the Island of Maui.

In reference to H2P2 Chapter VI Diabetes and Other Disabling Conditions, our proposal addresses the following "Process Measures." We do not address "Outcome Measures" as identified in H2P2 because each patient's private physician and not our dialysis facility maintain such patient data.

Chap. VI Process Measures:	How does our proposal address this measure:
CDP-D5 Dialysis Rate	Our proposed relocated facility will continue to keep data on the number of persons on dialysis at the facility.
CDP-6 Patient Education or Diabetes Management Programs	While education programs do not require a certificate of need and not all dialysis patients are diabetic, our proposal will add a dialysis training and education academy for patients, their families and nurses at our "old" facility

Further, in reference to Chapter VI of H2P2, our proposal will increase access to dialysis on the Island of Maui, follow established care protocols for treatment, and strengthen patient education via our proposed dialysis training and education academy.

b) Need and Accessibility

The dialysis services proposed will serve all residents of the area in need of dialysis services including low income persons, racial and ethnic minorities, women, handicapped persons, other underserved groups, and the elderly.

H2P2's criterion of need for expansion of an existing hemodialysis service is stated as: "For expansion of existing services, the provider's utilization rate is at least 80 percent per year." Wailuku Dialysis facility is currently operating at a utilization rate of 80% per year. By the time we relocate and open in 2005, our existing utilization rate is estimated to be near or exceeding 90%.

We serve patients six days per week. We currently have 20 stations serving our patients. H2P2 defines full utilization as 3.5 treatments per station. Thus, six days per week x 20 stations x 3.5 treatments per station per day x 52 weeks per year = 21,840 as our full utilization rate. Given last fiscal year's actual treatment utilization rate of 17,382, we are now at H2P2's utilization rate of 80% and therefore qualify to expand of our existing service. Given the time necessary for relocation and construction, we estimate that by the time we are able to open at our relocated site our actual utilization will exceed the H2P2 threshold and closer to about 90%.

To determine our Phase I addition of 12 stations and Phase II addition of 16 stations, we looked at our historical utilization data and County of Maui growth rate data. Our ESRD statistics indicates that there will be an approximate five percent annual growth in renal disease and patients requiring dialysis in Maui County. This percent increase is comparable to the County's overall annual growth projection of 5% according to the

Hawaii State Department of Business, Economic Development and Tourism's (DBEDT) "Population and Economic Projections for the State of Hawaii to 2025" published in February 2000.

Historical Data for Maui Dialysis Facility (Wailuku)

Fiscal Year	FY99	FY00	FY01	FY02	FY03
Treatment	14,134	14,578	15,027	16,820	17,382
Growth	3%	3%	3%	12% *	3%

* Maui Dialysis Facility (Wailuku) expanded from 14 to 20 stations.

In addition to providing chronic outpatient dialysis treatments, Maui Dialysis Facility provides ongoing support to three home peritoneal dialysis patients and one home hemodialysis patient.

Based on the above actual utilization data and the County of Maui's annual growth projection, the projected increase in Maui Dialysis Facility (Wailuku) ESRD patient census will grow at a rate of approximately 5%. This was determined by:

$$(3 + 3 + 3 + 12 + 3)/5 = 5\%$$

It is more cost effective for us to design the facility with Phase I and II expansions in mind because of building design considerations, the special water supply filtration system that needs to be in place for the dialysis stations, as well as essential ground, engineering and infrastructure considerations. By developing both phases at one time, we are able to cut costs of relocation and construction. This results in more cost efficient care for our patients. Together, the expansions will enable us to care for the urgent dialysis care needs of Maui's people without disruption. This is especially crucial since we will be at approximately 90% utilization, and increasing, when our relocated facility commences operations in 2005.

Again, using H2P2's utilization formula, the proposed Maui Dialysis Facility (Wailuku) expansion will be able to serve the needs of the ESRD population on Maui till 2016. This includes both Phase I (+12 stations) and Phase II (+16 stations) expansions. It is more cost effective for us to design the facility with this expansion in mind because of building design considerations, the special water supply filtration that needs to be in place for the dialysis stations, as well as general ground, engineering and infrastructure considerations. By planning for both phases at one time, we are able to cut costs of relocation and construction. This results in more cost efficient care for our patients. Based on the above actual utilization data and the County of Maui's annual growth projection, the projected increase in Maui Dialysis Facility (Wailuku) ESRD patient census will grow at a rate of approximately 5%. This was determined by: $(3 + 3 + 3 + 12 + 3)/5 = 5\%$.

Fiscal Year	FY05	FY07	FY09	FY11	FY13	FY15	FY17	FY19	FY21
Treatment	19,163	21,128	23,293	25,194	27,512	30,332	35,114	38,713	42,681
Growth	5%	5%	5%	5%	5%	5%	5%	5%	5%

Phase I expansion 32 stations x 3.5 treatments per station per day x 6 days per week x 52 weeks = 34,944. Thus, the H2P2 threshold of 80% utilization is 80% of 34,944 or 27,955 treatments. Therefore, this threshold will be met in approximately the year 2013 given the current growth rate of 5% per year.

Phase II: Given start up time and personnel training considerations, Phase II direct care activities would begin in approximately 2011/2012 to allow for seamless care access to our growing patient base. By computation, 48 stations x 3.5 treatments per station per day x 6 days per week x 52 weeks = 52,416. Thus, the H2P2 threshold of 80% utilization is 80% of 52,416 or 41,933, which will be exceeded before FY21.

The proposed relocated and expanded facility will continue to serve Maui residents. However, our patients using the Wailuku Dialysis Facility primarily come from the following districts: Central Maui (Wailuku and Kahului), East Maui (Paia, Haiku and Hana), Upcountry (Haliimaile, Makawao, Pukalani and Kula), and South Maui (Kihei and Wailea).

Please also know that aside from the benefits of Maui residents, our relocation and expansion would better accommodate other dialysis patients traveling to and visiting family and friends on Maui. Visitors requiring dialysis from outside of Hawaii will be able to access dialysis care.

c) Quality of Service/Care

St. Francis follows the following recognized standards or practice guidelines:

- Accreditation by the Joint Commission on Accreditation of Healthcare Organization (JCAHO), a national accreditation organization for quality of healthcare.
- ANNA Standards and Guidelines of Clinical Practice for Nephrology Nursing
- NKF Dialysis Outcome Quality Initiatives (DOQI)
- Association for the Advancement of Medical Instrumentation (AMMI)

In addition, St. Francis currently complies with the Centers for Medicare and Medicaid Services (CMS) Standards of Participation and Standards of Care licensure and accreditation standards. This means that the proposed facility will meet Medicare and Medicaid requirements. Further, quality of care is assured through our Performance Improvement model, quality assurance monitors and indicators that are tracked and trended for various standards set by the renal community and other regulatory agencies.

Specific St. Francis performance measures include:

- Anemia Management: to meet or exceed the Hgb X3 \geq 33 mg% benchmark
- Adequacy of Dialysis: to meet or exceed Urea Reduction Ratio (URR) \geq 65% benchmark

Similarly, our staffing ratios to maintain a high quality of service and care is as follows:

- For chronic hemodialysis staffing
 - Charge nurse (registered renal nurse), 1.0 FTE per shift
 - Patient care staff (registered renal nurse, licensed practical nurse, hemodialysis technician), up to 1:4 staff/patient ratio
 - Social worker, up to 1:140 staff/patient ratio
 - Registered Dietitian, up to 1:140 staff/patient ratio
- The renal healthcare team, in addition to above
 - Administrative Director, Medical Director, Associate Medical Director, Operation Managers, Professional Development Manager, Quality Manager, Technical Managers
 - Financial Counselors, Unit Service Coordinators, Renal Pharmacist, Dialysis Equipment Technician, and Nephrology Training Program Instructors

d) Cost and Finances

Currently, operating expenses for the Wailuku Dialysis Facility is approximately \$3.6 million per year. The financial projection for the initial years of operation in the new facility indicates there are sufficient funds and positive Net Income generated to fund operating expenses:

'millions	Year 1	Year 3
REVENUE		
Treatment	4.9	5.7
Other	0.0	0.0
Total Revenue	4.9	5.7
EXPENSES		
Personnel	1.7	2.3
Drugs & Supplies	1.4	1.6
Equipment	0.1	0.1
Occupancy	0.5	0.5
Other	1.1	1.1
Total Expenses	4.9	5.6
NET INCOME	0.0	0.1

e) Relationship to the Existing Healthcare System

Our relationship to the existing healthcare system can be described from several aspects: physical relocation, collaborative relationship, integration with the Statewide network of dialysis services, expansion, and availability of alternative care.

Physical Relocation Impact. The physical relocation of our facility will have no impact on the existing healthcare system of the area. In effect, the relocation moves our facility from its current site, which is immediately mauka of the hospital to a site that is immediately makai of the hospital – a move of approximately one city block. Our Wailuku Dialysis Facility currently has existing relationships with other providers in the service area's healthcare system, including Maui Memorial Medical Center, Kaiser Permanente and physicians serving the region.

Collaborative Relationship Impact. In keeping with our collaborative philosophy of care giving, St. Francis has worked with and has the support of the Hawaii Health Systems Corporation (HHSC) for the relocation and expansion of our Wailuku Dialysis Facility. Tom Driskill, CEO of HHSC, stated that HHSC is "making every effort to help and facilitate St. Francis Healthcare System to enhance their outpatient dialysis capability in order to meet the needs of both Maui and all of our other neighbor island communities." "HHCS is in favor of continuing the close working relationship with St. Francis on the delivery of dialysis services and HHSC will continue to work with St. Francis to upgrade services and increase access to care, particularly on the neighbor islands ... HHSC is not in a financial position to now provide subsidies to St. Francis. But, we will work with the St. Francis Healthcare system to facilitate their efforts. And, we will continue to encourage St. Francis to improve and to expand their important dialysis work." Please see his attached letter of support (Exhibit E).

Integration with Statewide Network of Dialysis Services. In addition, the Wailuku Dialysis Facility is a part of our Renal Institute's network of chronic dialysis treatment centers on Oahu (Honolulu, Leeward, and Waianae), Hawaii (Hilo and Kona), Kauai (Lihue and Waimea), Maui (Wailuku and Kahana) and Molokai (Kaunakakai). This

network provides complete statewide access for dialysis patients. The proposed project will provide additional access to the community for dialysis services.

This proposed relocated facility is a member of our Renal Institute of the Pacific and as such already enjoys the benefits of group purchasing, group technology support, and administrative and services integration of Hawaii's only statewide dialysis service. Further, we are the largest hospital-based purchaser of the drug Epogen nationally from the drug's sole manufacturer, Amgen, and as such have a volume-based discount of this essential dialysis drug.

Expansion Impact. The expansion of stations will enhance the service availability by (1) accommodating for the growth in the ESRD population as the need arises, and (2) with more stations, allowing for access convenience to the higher demand patient service hours.

Availability of Alternative Care. As dialysis is a necessity in order to live for those with end stage renal disease, there are two primary alternatives to care offered by St. Francis – Home Dialysis and Transplantation. These alternatives services are currently offered and will continue to be offered to our patients.

- We provide peritoneal and are the only provider of home hemodialysis services to patients who opt for this approach to home dialysis. Beginning in 2004, we will be providing on-island training and support with enhanced telemedicine capabilities for specialized clinical visits. In the meantime, approximately 7% of our patients on Maui participate in our home program. They have received training from our Honolulu-base training center and receive on-going clinical visits by our Honolulu-based staff. We recognize the desire to have Maui-based staff and have been working to obtain the necessary DOH site certifications and nurse training to offer on an on-island service. However, the large majority of patients whether through choice or lack of readily available home support or medical necessity instead have renal dialysis done at our outpatient facility.
- St. Francis provides the premier Kidney Transplantation service in Hawaii. In the last year we completed over 65 successful kidney transplantations. In close collaboration with the Organ Donor Center, another non-profit organization, and with our Living Donor Program, we have been able to offer our ESRD patients on dialysis an alternative to home or facility-based dialysis.

f) Availability of Resources

St. Francis has the necessary management, personnel and financial resources to support the proposed relocation and expansion of our Wailuku Dialysis Facility.

Sources of Funds. The sources of funds identified in Project Costs and Sources of Funds include:

- Cash, provided by the St. Francis Healthcare Foundation, as initial funding to begin the planning process. Such funds have been used for architect fees for the development of the conceptual plan and the Certificate of Need filing fees.
- State Appropriations, provided through the State of Hawaii Legislature Grant-in-Aid program in which St. Francis received two appropriations specifically for the design

and construction of the new Maui Dialysis Facility. These were received and made available through the FY03 and FY04 appropriations.

- Other Grants, confirmed grants provided by two private foundations, in the initial stages of the capital campaign for the new Maui facility.
- Other Sources, included anticipated grants to be made available as the capital campaign for the new Maui facility progresses. St. Francis has a strong history of fundraising through its sister organization, the St. Francis Healthcare Foundation. The Foundation raises funds for construction and equipment for the entire St. Francis Healthcare System, which has an established set of competing priorities that are matched with donor contribution preferences. In the past 18 years, the Foundation has completed two successful fundraising campaigns and is currently in its third major campaign. The first campaign, *The Vision Continues* raised \$20 million during the 1986 – 1996 period. The second campaign, *The Vision Continues 2010* raised \$30 million between 1996 and 2002, completing its goal eight years ahead of plan. The Foundation is currently in its third major campaign, *New Millennium Campaign 2* that has a goal to raise \$20 million between 2002 and 2007, and has raised \$11 million to date.
- Other, includes a contingency which will be made available as the capital campaign for the new Maui facility progresses. The landlord will construct the leased building, the estimated value of the construction and site improvement is provided.

Working Capital Requirements. Since the dialysis service is an ongoing service, there will be no initial working capital requirements.

Patient Care Staff. The Renal Institute provides strong administrative and clinical support to all of their outpatient facilities (eleven) statewide. Through our internal resources, we continuously monitor and have demonstrated that we successfully maintain our patient care ratios, in spite of the ongoing shortage nationally and in Hawaii. St. Francis uses a number of incentives to recruit renal nurses, including a comprehensive training program, a travelling nurse program, a statewide float pool program, and competitive salaries that remain higher than other medical organizations in the Maui marketplace.

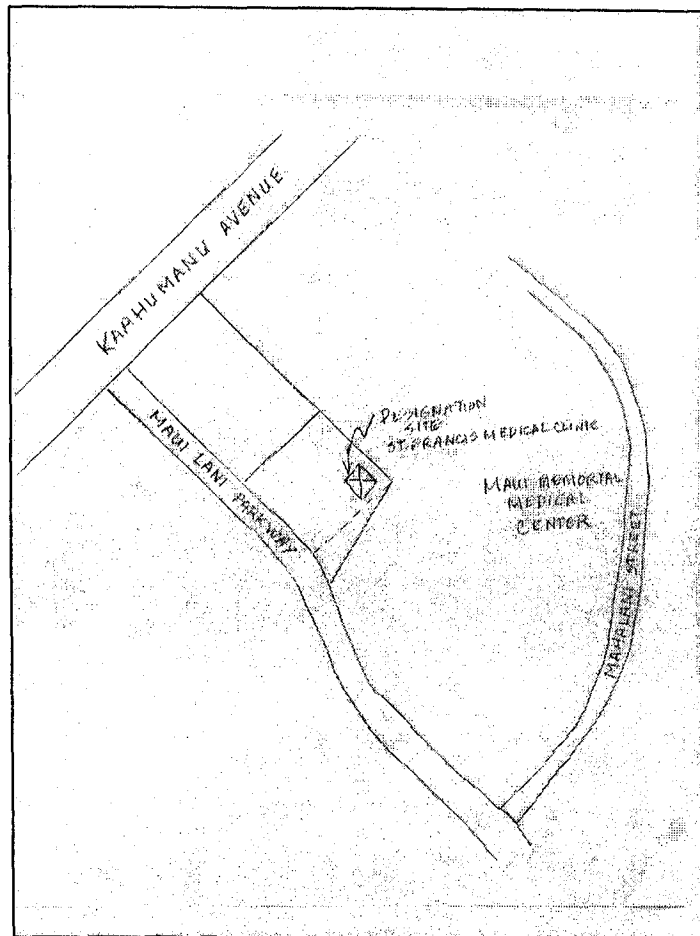
Maui's existing dialysis trained staff will be used for the new facility. Before the new facility opens, additional staff will be recruited and trained. Future staffing needs will be addressed as the increase in patient census dictates, following the staffing ratios described in previous Quality of Service/Care section.

Training for all new dialysis staff go through a comprehensive Nephrology Training Program, which includes didactic and clinical training specific to renal nursing. Their training is followed by a probationary period in which each staff's performance is carefully evaluated and assessed before becoming a permanent member of the St. Francis renal staff. In addition, we continue to support the Maui Community College nursing program with student rotations through our dialysis facility as part of their clinical studies.

APPROVED

g) Location of Project Site

55 Maui Lani Parkway, Wailuku, Maui
TMK (2) 3-8-007:142



10. ELIGIBILITY TO FILE FOR ADMINISTRATIVE REVIEW. This project is eligible to file for Administrative review because: (Check all applicable)

- ☐ It involves bed changes, which will have a capital expense of \$1,000,000 or less, and which will have an increased annual operating expense of less than \$500,000.
- ☐ It involves service changes which will have a capital expense of \$1,000,000 or less, and which will have an increased annual operating expense of less than \$500,000.
- ☐ It is an acquisition of a health care facility or service, which will result in lower annual operating expenses for that facility, or service.
- ☐ It is a change of ownership, where the change is from one entity to another substantially related entity.
- ☐ It is an additional location of an existing service or facility.
- ☒ The applicant believes it will not have a significant impact on the health care system.

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